

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0578-01
Bill No.: HB 765
Subject: Immigration; Public Assistance
Type: Original
Date: March 27, 2013

Bill Summary: This proposal relates to unlawful aliens and public assistance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
UC Administration Fund	\$0 or (\$46,000,000)	\$0 or (\$46,000,000)	\$0 or (\$46,000,000)
Wagner-Peyser Admin Fund	\$0 or (\$13,000,000)	\$0 or (\$13,000,000)	\$0 or (\$13,000,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (\$59,000,000)	\$0 or (\$59,000,000)	\$0 or (\$59,000,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOL)** state the proposal removes the requirement that the Division of Employment Security (DES) determine the eligibility of an alien who is applying for unemployment insurance (UI) benefits in accordance with its own procedures.

The DOL is unclear as to the intent of this legislation. If this proposal is interpreted to prevent the DES from conducting alien verification using the SAVE system, it would raise a conformity issue with federal law. The Immigration Reform and Control Act of 1986 (IRCA) mandated use of the SAVE system in unemployment compensation.

The federal government and state governments are jointly responsible for administering the UI system. State laws must meet certain federal requirements for the state agency to receive the administrative grants needed to operate its UI program and for employers to qualify for certain tax credits.

Non-conformity with federal law could jeopardize the certification of Missouri's UI program. If the program fails to be certified, Missouri would lose approximately \$46 million in federal funds the state receives each year to administer the UI program. Additionally, Missouri would lose the approximately \$13 million in federal funds each year the Department of Economic Development-Division of Workforce Development uses for Wagner-Peyser re-employment services.

The Federal Unemployment Tax Act (FUTA) imposes a 6.0% payroll tax on employers. Most employers never actually pay the total 6.0% due to credits they receive for the payment of state unemployment taxes and for paying reduced rates under an approved experience rating plan. FUTA allows employers tax credits up to a maximum of 5.4% against the FUTA payroll tax if the state UI law is approved by the Secretary of Labor. However, if the proposed resolution causes Missouri's program to be out of compliance or out of conformity, Missouri employers would pay the full 6.0%, or approximately an additional \$859 million per year.

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state the FSD has the infrastructure and capacity to follow these requirements for state public benefit programs. Federal law does not allow exceptions in regards to citizenship requirements for federally funded Income Maintenance (IM) programs.

ASSUMPTION (continued)

Temporary Assistance for Needy Families (TANF), MO HealthNet (Medicaid), Supplemental Aid to the Blind, Supplemental Nursing Care, Low-Income Home Energy Assistance Program (LIHEAP), and Supplemental Nutrition Assistance Program (SNAP/Food Stamps) programs do not meet the definition of "state and local public benefits". These programs are defined as "federal public benefits" under Federal statute 8 U.S.C. 1611 (c).

Section 208.009 as amended by this proposal would apply to the Blind Pension Program. The current FSD policy manual applies Section 208.009 as currently drafted in this proposal to individuals applying for the Blind Pension program. FSD currently requires that all applicants for Blind Pension must provide proof of citizenship or lawful residence. (Section 0505.040.00 of the FSD Income Maintenance Manual for the Blind Pension Program)

The current proposed legislation requires the use of the Systematic Alien Verification for Entitlements (SAVE) program which the former statute did not require. However, that is not expected to change the eligibility of anyone for whom the FSD is already obtaining documentation of status.

FSD anticipates no savings if this proposal were to become law in Missouri because it would apply only to the Blind Pension program, and currently, the FSD already requires proof of citizenship or immigrant status (through acceptable documentation) for Blind Pension applicants.

Therefore, there is no impact to the Family Support Division - Income Maintenance Unit (FSD-IM).

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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UC ADMINISTRATION FUND

Loss - UC Administration Fund
 (§660.315)

Loss of federal funds	<u>\$0 or</u> <u>(\$46,000,000)</u>	<u>\$0 or</u> <u>(\$46,000,000)</u>	<u>\$0 or</u> <u>(\$46,000,000)</u>
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**ESTIMATED NET EFFECT ON UC
 ADMINISTRATION FUND**

<u>\$0 or</u> <u>(\$46,000,000)</u>	<u>\$0 or</u> <u>(\$46,000,000)</u>	<u>\$0 or</u> <u>(\$46,000,000)</u>
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**WAGNER-PEYSER
 ADMINISTRATION FUND**

Loss - Wagner-Peyser Admin Fund
 (§660.315)

Loss of federal funds	<u>\$0 or</u> <u>(\$13,000,000)</u>	<u>\$0 or</u> <u>(\$13,000,000)</u>	<u>\$0 or</u> <u>(\$13,000,000)</u>
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**ESTIMATED NET EFFECT ON
 WAGNER-PEYSER
 ADMINISTRATION FUND**

<u>\$0 or</u> <u>(\$13,000,000)</u>	<u>\$0 or</u> <u>(\$13,000,000)</u>	<u>\$0 or</u> <u>(\$13,000,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

If the changes proposed in this legislation result in Missouri being out of compliance or conformity with federal laws, small business home care businesses could be required to pay the full 6.0% FUTA tax.

FISCAL DESCRIPTION

This proposal repeals the provisions that allow an applicant to receive state or local public benefits for up to 90 days while obtaining the necessary documentation to prove lawful presence in the United States or indefinitely if the applicant provides a copy of a completed birth certificate application which is pending.

FISCAL DESCRIPTION (continued)

The proposal also requires the Unemployment Compensation Program to verify the lawful presence of an alien applicant through the Systematic Alien Verification for Entitlements Program operated by the United States Department of Homeland Security. Currently, the unemployment compensation program must verify lawful presence of an alien applicant in accordance with its own procedures.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services -
Family Support Division
Department of Labor and Industrial Relations



Ross Strope
Acting Director
March 27, 2013